

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 495 Section 495.140 Imposition of Telecommunications Excise Tax</b>
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**TITLE 86: REVENUE**

**PART 495  
TELECOMMUNICATIONS EXCISE TAX**

**Section 495.140 Imposition of Telecommunications Excise Tax**

- a) The Telecommunications Excise Tax is imposed upon the act or privilege of originating or receiving intrastate or interstate telecommunications in Illinois at the rate of 7% of the gross charge for such telecommunications purchased at retail from retailers. *On and after January 1, 2001, prepaid telephone calling arrangements shall not be considered telecommunications subject to the Telecommunications Excise Tax. (Sections 3 and 4 of the Act) "Prepaid telephone calling arrangements" means the right to exclusively purchase telephone or telecommunications services that must be paid for in advance and enable the origination of one or more intrastate, interstate, or international telephone calls or other telecommunications using an access number, an authorization code, or both, whether manually or electronically dialed, for which payment to a retailer must be made in advance, provided that, unless recharged, no further service is provided once that prepaid amount of service has been consumed. Prepaid telephone calling arrangements include the recharge of a prepaid calling arrangement. For purposes of this Section, "recharge" means the purchase of additional prepaid telephone or telecommunications services whether or not the purchaser acquires a different access number or authorization code. For purposes of this Section, "telecommunications" means that term as defined in Section 2 of the Telecommunications Excise Tax Act [35 ILCS 630]. "Prepaid telephone calling arrangement" does not include an arrangement whereby a customer purchases a payment card and pursuant to which the service provider reflects the amount of the purchase as a credit on an account for a customer under an existing subscription plan. (Section 2 of the Act)*
- b) The Telecommunications Excise Tax must be collected from a taxpayer by a "retailer maintaining a place of business in this State".
  - 1) *"Retailer maintaining a place of business in this State" means and includes any retailer having or maintaining within this State, directly or by a subsidiary, an office, distribution facilities, transmission facilities, sales office, warehouse or other place of business, or any agent or other representative operating within this State under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent or other representative is located here permanently or temporarily, or whether such retailer or subsidiary is licensed to do business in this State. (Section 2(m) of the Act)*
  - 2) Retailers maintaining a place of business in this State shall collect the tax from the taxpayer by adding the tax to the gross charge for the act or privilege of

originating or receiving telecommunications in this State, when sold for use. Whenever possible, the tax shall be stated as a distinct item separate and apart from the gross charge for telecommunications.

(Source: Amended at 25 Ill. Reg. 5034, effective March 19, 2001)